

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
FILED

JAN 22 2002

Michael M. Milby, Clerk

MARK NEWBY, individually and on
behalf of all others similarly situated,

Plaintiff,

vs.

ENRON CORP., et al.,

Defendants.

CIVIL ACTION NO. H-01-3624
(Securities Suits)

CLASS ACTION

DECLARATION OF THURBERT E. BAKER IN SUPPORT OF THE MOTION OF THE
STATE RETIREMENT SYSTEMS GROUP FOR THE APPOINTMENT OF LEAD
PLAINTIFF AND FOR APPROVAL OF ITS SELECTION OF COUNSEL

I, Thurbert E. Baker, hereby declare as follows:

1. I am the Attorney General of the State of Georgia and the legal advisor for the Teachers Retirement System of Georgia and the Employees' Retirement System of Georgia (collectively, "Georgia"). Georgia, together with pension funds serving the states of Ohio and Washington, has sought to be appointed lead plaintiff in this matter (the "Litigation"). I am sui juris and make this declaration based upon personal knowledge, unless otherwise stated.
2. I am familiar with the motions made by the various other individuals and entities seeking appointment as lead plaintiff in this Litigation and the provisions of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). For the reasons set forth herein, I believe the State Retirement Systems Group (the "State Group") is exactly the sort of sophisticated and motivated lead plaintiff Congress envisioned when it passed the PSLRA.
3. The State Group's losses on transactions in Enron securities during the Class Period are

estimated at approximately \$330.7 million (including approximately \$47.7 million in losses suffered by proposed Advisory Plaintiff the Retirement Systems of Alabama), as set forth in the Memorandum of Law in Support of Motion of the State Retirement Systems Group for the Appointment of Lead Plaintiff and for Approval of its Selection of Counsel at 2, 7-8.

4. Unlike many of the other "groups" seeking lead plaintiff appointment, the members of the State Group and their representatives enjoy long-standing relationships that existed well before this Litigation and will continue well after its termination. I advise Georgia on this Litigation and all other legal matters. Similarly, the retirement systems of Ohio and Washington are advised by their Attorneys General: the Honorable Betty D. Montgomery, and the Honorable Christine O. Gregoire, respectively. We each have committed our own time — and that of several attorneys on our staffs — to this matter. My office has conferred with the offices of Attorneys General Montgomery and Gregoire and reached agreement concerning the statements made in this Declaration.
5. General Montgomery, General Gregoire, and I belong to the National Association of Attorneys General ("NAAG"), an organization that includes the Attorneys General of all fifty states. NAAG is devoted to facilitating interaction and cooperation among Attorneys General in order to respond effectively to emerging state and federal issues. One of the organization's goals is to promote cooperation on interstate legal matters to foster a more responsive and efficient legal system for state citizens. To these ends, NAAG has established a number of committees and working groups to address issues of particular significance, such as the Civil Rights Committee (of which I am a Co-Convener), the Consumer Protection Committee (of which General Montgomery is the Convener), and the Internet Committee (of which General Gregoire is a

Co-Convener). In fact, we organized the State Group as a result of a NAAG conference call on Enron, chaired by General Montgomery, in which my staff reported on Georgia's interest in seeking lead plaintiff status.

6. Although Georgia, Ohio, and Washington have moved for appointment as lead plaintiff, there is a high level of interest among the entire NAAG membership in the outcome of this Litigation because of the magnitude of this matter and its effect on each state's pension funds. NAAG has been involved since the case's inception, circulating materials relating to the case and holding periodic conference calls to discuss this Litigation, the Enron bankruptcy proceeding, and various state and federal investigations. In addition, members of my staff communicate frequently with other NAAG members to keep them apprised of the progress of this Litigation.
7. As the Court might imagine, this is not the first litigation our three states have worked together to prosecute. Among these jointly-prosecuted cases, the best-known may be the states' coordinated effort in litigating against the tobacco companies. As part of that effort, General Gregoire took a lead role in the negotiations that led to the Master Settlement Agreement. Georgia and Ohio also participated in the negotiations, as well as the follow-up phase that led to the National Tobacco Growers Settlement Trust, a private trust for tobacco producers that was contemplated as part of the Master Settlement Agreement.
8. In addition to the tobacco litigation, our three states have successfully teamed up in dozens of complex cases over the past few years, many of which are listed in Exhibit A hereto.
9. Consistent with the ongoing working relationships among the Attorneys General's offices and the successes our states have enjoyed in joint litigations in the past, Georgia, Ohio, and Washington have joined together to prosecute this Litigation. In addition, the Retirement

Systems of Alabama has agreed to serve in an advisory role. After extensive discussions, the State Group reached an agreement regarding the conduct of this Litigation, which, among other things (1) governs the retention of private counsel, (2) limits the payment of fees to private counsel, (3) establishes the decision-making protocol for the Litigation, and (4) outlines an apparatus for monitoring events that may impact the outcome of this Litigation. Each of these provisions has been designed to prosecute this Litigation as thoroughly and efficiently as possible and to maximize the Class's recovery in the process.

10. Since our decision to seek appointment as lead plaintiff in this Litigation, General Montgomery, General Gregoire, and I have held numerous telephone conferences to discuss recent developments and our litigation strategy. Moreover, members of our legal staffs typically communicate with each other on a daily basis about matters related to this Litigation. The cooperation among our three offices over the years and our history of success in joint litigations has fostered what I consider to be strong professional relationships among the Attorneys General and a great respect for each other that facilitates our working relationship. I believe this preceding relationship will prove invaluable in prosecuting this Litigation successfully.
11. For all the foregoing reasons, I believe that the State Group should be appointed lead plaintiff in this Litigation. The State Group is uniquely situated to provide the Class with the strongest and most efficient representation, bringing with it the legal and investment sophistication of four states with a strong track record of working together successfully.

21-Jan-02 03:07pm From-CHITWOOD & HARLEY

I declare under penalty of perjury that the foregoing is true and correct. Executed this
18th day of January, 2002 in Atlanta, Georgia.


HONORABLE THURBERT E. BAKER

01/21/02 15:42 FAX 1 302 622 7100

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21-Jan-02 03:07pm From-CHITWOOD & HARLEY

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EXHIBIT A

Recent Actions In Which Georgia, Ohio, and/or Washington Have Collaborated
 (note: several other states participated in many of these actions)

Case Name	Brief Summary	Participating State	Date Opened
American Basketball League (ABL)	Multi-state investigation of allegations made against the NBA in connection with the demise of the ABL, a two-year old women's league	OH, WA	1/21/99
Exxon/Mobil merger	Joint FTC and state review of the competitive effects of the proposed acquisition of Mobil by Exxon Corp.	OH, WA	1/12/99
Mylan Pharmaceuticals	With the FTC, a suit against Mylan, Profarmaco, Gyma, Cambrex and SST seeking equitable and injunctive relief as well as damages on behalf of consumers and state agencies/bureaus	OH, WA	12/1/97
Payment Systems Working Group (PSWG)	NAAG working group that arose out of a multi-state settlement of a state lawsuit to enjoin Visa and Mastercard from carrying out a planned debit card joint venture.	OH, WA	1/1/87
SCI/ECI Funeral Home/Cemetery merger review	Multi-state merger investigation with the FTC reviewing the competitive effects of the proposed acquisition of two of the largest funeral home/cemetery companies in the U.S.	GA, OH	10/16/98
Toys "R" Us Litigation	Anti-trust action filed on 11/17/98 against the nation's largest toy retailer, and four toy manufacturers- Mattel, Hasbro, Tyco, and Little Tykes. The defendants are alleged to have conspired to eliminate competition from warehouse clubs.	GA, OH, WA	10/1/97
USA Waste/Waste Management merger	Along with the Dept. of Justice, an investigation of the competitive effects of the merger of the two largest waste hauling/landfill operators in the country.	OH, WA	3/12/96
Vitamins Price Fixing	Investigation relating to vitamin price-fixing	GA, OH, WA	1/10/00
Bank One/First USA	Bank Privacy issues	OH, WA	7/99
Capital One	Bank Privacy issues	OH, WA	7/99
Citibank	Bank Privacy issues	OH, WA	7/99
MBNA	Bank Privacy issues	OH, WA	7/99

Case Name	Brief Summary	Participating State	Date Opened
CVS	Allegations of fully billing Medicaid and other federally paid health care programs for partially filled prescriptions without a subsequent crediting to these programs, also including a failure to credit for prescriptions that were not picked up at all.	GA, OH	3/1/99
Drug Manufacturers	This case is the result of a qui tam action involving alleged manipulations of drug prices by numerous manufacturers filed under the federal False Claims Act.	OH, WA	10/30/98
Medaphis	Upcoding emergency room physician codes for Medicaid and other federally paid health care programs.	GA, OH, WA	10/30/98
Nine West	Antitrust action alleging that the manufacturer conspired to raise retail prices of women's shoes	GA, OH, WA	3/00
State of Mo., et al v. American Cyanamid	Antitrust action involving conspiracy to raise prices of agricultural chemical products	GA, OH, WA	1/97
State of Tex., et al. v. Zeneca, Inc.	Antitrust claim for conspiracy to raise prices of agricultural chemical products	GA, OH, WA	6/97
Walgreens	Settlement of Medicaid fraud action involving prescription short counts	OH, WA	10/97
United States v. Columbia HCA	Settlement of civil and criminal Medicaid fraud actions	GA, OH, WA	10/97
In re Bayer	Multistate settlement regarding drug pricing to Medicaid programs	GA, OH, WA	9/00
Bridgestone/Firestone	Consumer protection action involving misrepresentations regarding particular tires that had high rates of separation	GA, OH, WA	3/01

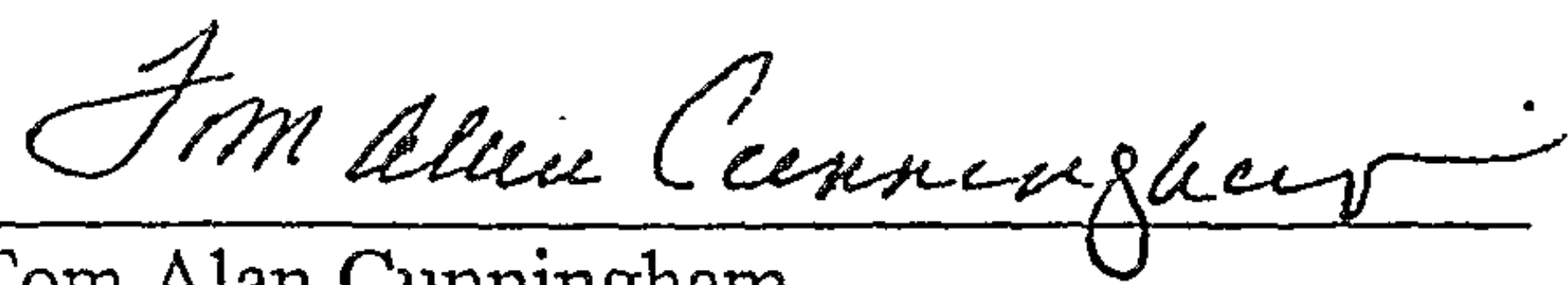
In addition, Georgia, Ohio, and/or Washington have joined together as an Amicus Curiae in the following matters:

Case Name	Brief Summary	Participating State	Date Opened
Arkansas v. Farm Credit Services	Federally chartered banking entity is not exempt from state franchise and sales taxes.	GA, OH, WA	10/1/96
Casey v. Blissett	Caps on fees under the Prison Litigation Reform Act apply retroactively.	GA, OH	10/1/98
City of Chicago v. Morales	Chicago criminal gang loitering ordinance permitting police dispersal orders where police reasonably believe a criminal gang member is among those loitering is unconstitutional.	GA, OH	10/1/97
City of West Covina v. Perkins	Notice of search pursuant to a warrant and names of officers involved is all that is required by due process regarding retrieval of seized property.	OH, WA	10/1/97
College Savings v. Florida Prepaid	Congress lacks power under the 14 th Amendment to abrogate 11 th Amendment immunity under the Lanham Act.	OH, WA	3/1/99
Hudson v. U.S.	U.S. Constitution's double jeopardy clause permits both civil sanctions and criminal punishment for same incident.	GA, OH, WA	10/1/97
Johnson v. Haddix	Caps on fees under the Prison Litigation Reform Act apply retroactively.	GA, OH, WA	10/1/98
Maryland v. Wilson	Law enforcement officers can require a passenger to exit the car during the course of a legitimate traffic stop.	OH, WA	10/1/95
Nixon v. Shrink Missouri Government PAC	\$1075 limit placed on contributions to candidates in state and local races is appropriate under Buckley v. Valeo.	OH, WA	10/1/98
North Carolina v. Jackson	"Free to leave" test for purposes of the Fourth Amendment does not apply to the definition of custody under the Fifth Amendment.	OH, WA	10/1/97
Pennsylvania Dept. of Corrections v. Yaskey	The ADA does not apply to inmates of correctional institutions.	GA, OH	10/1/97
State Board of Equalization v. SPT	Congress lacks power under the 14 th Amendment to abrogate 11 th Amendment immunity under the 4-R Act.	OH, WA	10/1/97
State of New Mexico v. Reed	There is no "duress" exception to the Extradition Clause.	OH, WA	10/1/97

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Declaration of Thurbert E. Baker in Support of the Motion of the State Retirement Systems Group for the Appointment of Lead Plaintiff and for Approval of its Selection of Counsel has been served upon all counsel of record via facsimile on this 21st day of January, 2002.

See Fax Cover Sheet of All Counsel of Record


Tom Alan Cunningham